

# **ATTITUDES TOWARDS AND PERCEPTIONS OF ENTREPRENEURS IN CENTRAL EASTERN EUROPE (Poland, the Czech Republic, and East-Germany)**

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## **STUDY ONE**

### **THE PERCEIVED SUPPORTIVENESS OF THE ENVIRONMENT TOWARDS ENTREPRENEURS**

This paper explores attitudes and perceptions towards entrepreneurs in three Central Eastern European (CEE) countries undergoing transition from planned to market-based economic systems. Entrepreneurs and small and medium-sized enterprises (SME) play a critical role in this transformation process. Study One examines whether governments and general public are perceived as supportive of entrepreneurs. Such perceptions might eventually increase the number of entrepreneurs as it would be seen as a legitimate career choice (cf. Etzioni, 1987). Study Two explores whether the concept ‘entrepreneur’ is interpreted in the same way in the three cultures using a student sample. Cross-cultural aspects and support measures for entrepreneurship are discussed.\*

Most definitions of ‘entrepreneurship’ associate the term with behaviours “... that include demonstrating initiative and creative thinking, organizing social and economic mechanisms to turn resources and situations to practical account, and accepting risk and failure.” (Hisrich, 1990, p. 209). For transition economies it seems appropriate to adopt a broad understanding of entrepreneurship which includes self-employment and part-time businesses (Smallbone & Welter, 2001) alongside the typically mentioned venture creation and SME ownership (Bhide, 2000). Entrepreneurship is significant for national economies, because it secures employment (e.g., Picot & Dupuy, 1998, Observatory of European SMEs, 2004) and is associated with economic growth and innovation (e.g. Reynolds, Bygrave, & Autio, 2004, Observatory of European SMEs, 2004). In the EU New Member States<sup>1</sup>, which mostly consist of Central and Eastern European economies in transition from centrally planned to market-based economies and the EU-19<sup>2</sup>, SMEs provide over 66% of total employment. Since the mid 90s SMEs are the only class of

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enterprises that created jobs in the European transition economies and thus provided employment for people who were laid-off from large, formerly state-owned enterprises (Observatory of European SMEs, 2004).

Furthermore, in transition economies SMEs are important for developing market economic thinking and a functioning market economy, i.e. they are probably the only potential source for economic recovery (e.g. Brezinski & Fritsch, 1996; Lageman et al., 1994). Despite the importance of entrepreneurship for transition economies in particular, conditions for the development of entrepreneurship and a functioning small business sector in Central Eastern Europe (CEE) are problematic for various reasons (Brezinski & Fritsch, 1996; Smallbone & Welter, 2001, Stephan, Lukes, Dej, Tzvetkov & Richter, 2004). Firstly, transition economies lack experience with entrepreneurship (Drnovsek, 2004). Under the planned economic system entrepreneurship/owning an enterprise was either officially forbidden or restricted to specific industry sectors. The economy was highly specialized and consisted mainly of large state-owned companies (the so-called combines) oriented towards mass production (Fay & Frese, 2000). Thus, positive entrepreneurial role models shown to be associated with higher interest in small firm ownership (Matthews & Moser, 1996) were hardly available during socialist rule. Secondly, the sparsely existing entrepreneurship in the socialist bureaucracies differed substantially from entrepreneurship in an established market economy. Market competition barely existed, production materials were hardly available, but sales were almost 100% guaranteed. The state controlled private enterprises closely and entrepreneurs had to deal with a high degree of uncertainty about future government policies (Brezinski & Fritsch, 1996). Thirdly, the few private enterprises existing under communist rule were regarded as a 'bourgeois and contradictory element in a socialist planned economy' (Brezinski & Fritsch, 1996, p. 300) and consequently negative images of entrepreneurs were largely promoted by the state authorities. Fourthly, there is evidence that the socialization under the communist rule lead to attitudes and values that may still hinder entrepreneurial behaviours today. Job structures under the socialist system discouraged entrepreneurial behaviours such as initiative and self-responsibility at work. Rather, command and obey structures dominated work life (e.g., Fay & Frese, 2000; Frese, Kring, Soose, & Zempel, 1996). Similarly, Schwartz and Bardi (1997) found that CEE countries (the sample included the Czech Republic and Poland, but not East-Germany) shared a common profile of value priorities that are not conducive for developing a free enterprise system. "Autonomy and mastery values are not widely endorsed" (Schwartz & Bardi, 1997, p408). As reported in Schwartz (1999), of the CEE countries only East-Germans valued autonomy, although not mastery. Fifthly, underdeveloped economic framework conditions were and still are a major hindrance to the development of a functioning small business sector and entrepreneurship in CEE. High amounts of corruption, instable legal and political conditions, difficulties in accessing financing, tax rates and tax administration etc. have been identified as major challenges in CEE (Rutkowski & Scarpetta, 2005, Smallbone & Welter, 2001). Framework conditions generally improve with the transition process moving forward (Rutkowski & Scarpetta, 2005). In summary, the transition economies started into market economy with little or no experience of the appropriate style of entrepreneurship, a citizenship unlikely to hold values conducive to entrepreneurship because of the negative images actively presented for over 40 years, and economic framework conditions which hindered entrepreneurship.

One of the factors that could help to foster successful entrepreneurship in transition economies is perceived public and government supportiveness for being self-employed

(Brezinski & Fritsch, 1996, cf. societal legitimation of entrepreneurship, Etzioni, 1987). As Etzioni (1987) outlined, a society that legitimates entrepreneurship will consequently experience higher demand for and supply of entrepreneurs. We explored two potentially powerful sources of societal support of entrepreneurship one from government and the other from the general public. Two kinds of measures can be suggested for both sources. For government support, one could count the number of government programs available for entrepreneurs, the complexity of regulations for business start-ups and so forth. Alternatively, one could focus on the perception of the all over supportiveness of the government. For public opinion one could use representative public opinion polls or alternatively focus on the all over perception of entrepreneurs. We concentrated on overall perceptions as individuals' will react to what they perceive to be in place rather to what actually is in place. Rutkowski and Scarpetta (2005) for instance found that according to objective data collected by the World Bank opening a business in Romania is easier than in most other European and transition countries. However subjectively, Romania is one of the countries in which starting a business is perceived to be the most difficult (again in comparison to other European and transition economies). We therefore investigated two questions: Is the government perceived to acknowledge the importance of entrepreneurs' for society and to hold a positive image of entrepreneurs? Is being an entrepreneur perceived to be a desirable, well-respected career choice in the public opinion, or do entrepreneurs have a poor image?

Further, we measured the development of these perceptions during the transition process to try and gauge future trends. We expected that immediately after political change (i.e. beginning of the 1990s) government policies would be perceived to be highly positive and supportive towards entrepreneurs, contrasting with the negative image of entrepreneurs given before 1989. This favourable view of entrepreneurs might have been increased by the surge of start-up activities in CEE countries at the beginning of the nineties upon removal of legal barriers banning entrepreneurship (e.g., Guenterberg & Wolter, 2002, Drnovsek, 2004). However, during the course of the nineties business liquidation rates increased and start-up rates decreased in CEE (e.g., Guenterberg & Wolter, 2002, Drnovsek, 2004). One of the reasons for the high amount of business churning was the transition process itself, principally the difficulties of establishing favourable framework conditions for entrepreneurs like a stable legal system, a private banking system and thus easy access to capital for entrepreneurs, low rates of corruption, etc. (e.g., Smallbone & Welter, 2001). Therefore, after the experience of the surge of entrepreneurial activities in the beginning of the nineties, governments' may have been perceived as less positive about entrepreneurs through the rest of the nineties, because of their apparent limited provision of favourable framework conditions.

In contrast to the perception of government attitudes, we expected that perceptions of the general public became increasingly positive along the transition process. As value change is a slow and long-term process (Schwartz & Bardi, 1997) this was likely to be reflected in a slow but steady increase of favourable attitudes towards entrepreneurs.

We focussed on three of the transition economies of CEE, namely East-Germany (the former German Democratic Republic), Poland (the former People's Republic of Poland) and the Czech Republic (formerly part of the Czechoslovak Socialist Republic). When comparing these three economies somewhat different predictions can be made as to how supportive governments and the general public would be perceived, based on the countries' acceleration in the transition process and the intensity of communist socialization they underwent. The transition process, which to a large extent determines the quality of economic framework conditions, proceeded considerably faster in East-

Germany, because of its reunification with West-Germany in 1990. The early reunification buffered the effects of transition and provided East-Germany with the financial resources as well as a functioning legal and administrative system to cope with transition at a much higher speed than was possible for Poland and the Czech Republic (Heyse, 2002). Consequently, perceptions of entrepreneurs in East-Germany may have been more favourable as there were fewer possibilities for entrepreneurs to abuse the uncertain conditions, e.g. in the form of corruption scandals, and the positive side of entrepreneurship of providing employment and economic growth may have been received more attention both from government and the general public. Moreover, communist socialization may have been more intense for the Czech people as “Czechoslovakia experienced a particular repressive form of communism, imposed on its citizenry by the policy of political and economic ‘normalization’ that followed the Warsaw Pact invasion of 1968” (Clark, Lang & Balaton 2001, p. 5). Further, entrepreneurship was officially forbidden in the Czech Republic under communist rule (although tolerated to some extent, especially in the late 80s). Whereas there were minor but legal entrepreneurial freedoms in certain industry sectors in Poland (mainly in agriculture) and the former GDR (e.g., craft shops, Lageman et al., 1994). In as far as people adapted their value priorities to the restriction imposed on their life by the communist environment as shown by Schwartz and Bardi (1997), these kinds of communist socialization might still negatively impact the perception of entrepreneurs today. Thus, we expected the highest perceived government supportiveness and the most favourable public perception of entrepreneurs in East-Germany, the second highest in Poland, and the lowest in the Czech Republic.

## METHOD

### Participants

The focus of this study was the *perceived* supportiveness of the environment towards entrepreneurs (government and general public). To get a detailed view of these perceptions we asked subject matter experts, i.e. experts on entrepreneurship about attitudes towards entrepreneurs held by their country’s government and general public. Subject matter experts were sampled based on their involvement in various fields of entrepreneurship, which should have given them detailed knowledge about entrepreneurship. A final sample of 243 experts was interviewed:  $N=75$  in East-Germany (EG),  $N=70$  in the Czech Republic (CR),  $N=72$  in Poland. A small sample of experts ( $N=26$ ) was also interviewed in West-Germany (WG) to allow comparisons with an established market economy without introducing a new national culture. Experts were on average 46.1 years of age ( $SD$  10.0 years) and 28% were female. They had been active in the area of entrepreneurship for on average 12 years ( $SD$  7.2) and self-rated their own expertise in entrepreneurship to be high ( $M$  3.9,  $SD$  0.65 on a five-point scale from 1 to 5). Rejection rates were 11% in Czech Republic, 27% in Poland, 11% in East-Germany and 15% in West-Germany. Five groups of subject matter experts were interviewed: Successful entrepreneurs (running their business for at least 3.5 years) made up roughly 40% of each national sample. The other four expert groups made up each roughly 15% of every national sample. They were 1) politicians and government representatives concerned with entrepreneurship policy (WG:  $N=3$ , EG:  $N=12$ , CR:  $N=10$ , PL:  $N=8$ ), 2) representatives of entrepreneur’s association (WG:  $N=4$ , EG:  $N=10$ , CR:  $N=9$ , PL:  $N=10$ ), 3) business services like consultants and lawyers to SMEs

and bank representatives (WG:  $N=5$ , EG:  $N=11$ , CR:  $N=14$ , PL:  $N=8$ ), and 4) entrepreneurship researchers (WG:  $N=4$ , EG:  $N=11$ , CR:  $N=10$ , PL:  $N=10$ ).

### Data Collection

Four open-ended questions were asked during a semi-structured interview on framework conditions of entrepreneurship. In order to get at least a crude impression about changes in perceptions in both government and public across the transition process, these included retrospective questions. The experts were asked to describe how entrepreneurs were perceived by his/her country's government and general public at four points in time: 1) before 1989, i.e. during communist rule, 2) shortly after the political turnaround/at the beginning of the transition process: 1990 to 1992, 3) in the second half of the nineties, i.e. after 1995, and 4) 'today', i.e. at the time of the interview in 2002.

### Analysis

The experts' answers were evaluated using content-analysis (Mayring, 2003). Two category systems were developed (one for government and another one for public perception of entrepreneurs) to code experts' answers (see Table A1). The procedure is described in detail in Appendix A. Interrater reliabilities for both category systems were calculated for the answers referring to 2002, because this was the questions where we received the most elaborate answers. The coefficient V2 (Holsti, 1969) was calculated. Interrater reliabilities on the level of the subcategories were for the government category system 88.2% for the German, 66.4% for the Czech and 85.4% for the Polish data. The corresponding figures for the public perception category system were 89.5% German data, 76.9% Czech data, and 84.7% for the Polish data. However, interrater reliabilities for the main categories (i.e. positive/negative/ambivalent/others), which are presented in the following, range between 90 and 100% for all three cultures. We will however illustrate our results referring back to the subcategories. Country differences were evaluated with Chi-square tests.

## RESULTS

*Perceptions of governments' supportiveness* (see Figure 1) differed significantly between countries at each point in time 1) before 1989  $\chi^2 = 17.57$ ,  $df = 2$ ,  $p < .001$ , 2) beginning the nineties:  $\chi^2 = 61.84$ ,  $df = 3$ ,  $p < .001$ , 3) mid nineties:  $\chi^2 = 52.56$ ,  $df = 3$ ,  $p < .001$ , 4) 2002:  $\chi^2 = 9.38$ ,  $df = 3$ ,  $p < .05$ . Further, government support was perceived to differ significantly over time within each country (WG:  $\chi^2 = 22.74$ ,  $df = 2$ ,  $p < .001$ , EG:  $\chi^2 = 122.48$ ,  $df = 3$ ,  $p < .001$ , CR:  $\chi^2 = 86.02$ ,  $df = 3$ ,  $p < .001$ , PL:  $\chi^2 = 121.33$ ,  $df = 3$ ,  $p < .001$ ).



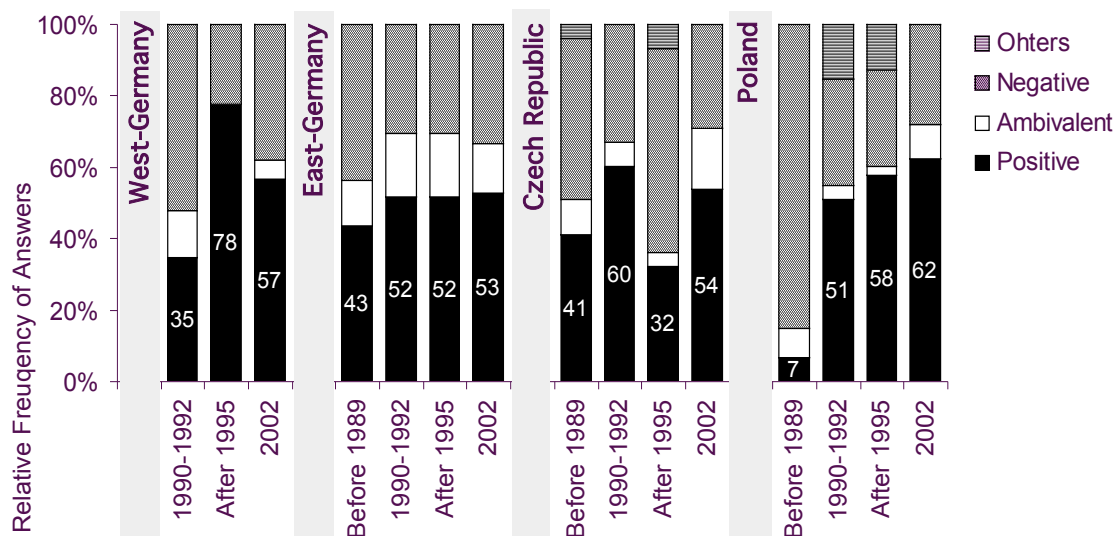
**Figure 1**  
**Government perception of entrepreneurs during transition at four points in time.<sup>3</sup>**

Governments' attitudes towards entrepreneurs were perceived to be very positive at the beginning of the transition process in all three transition economies and contrasted the very negative perceptions during communist rule. Answers indicated mostly a general positive and supportive perception of entrepreneurs by governments'. Some also highlighted specific aspects like the high availability of government programs in East-Germany and entrepreneurs as a chance for regional development by providing employment and economic growth in Poland. The Czech government's stance was perceived to be less positive (compared to EG and PL), namely the government was seen as giving large mostly state-owned companies priority over SMEs and to insufficiently develop the legal infrastructure for conducting business and preventing conflicts of interest, which enabled fraud bankruptcies and tunnelling later on (see below public perception). The favouritism towards large companies at the expense of SMEs was mentioned throughout the transition process in the Czech Republic and was also negatively perceived in Poland from the mid nineties on. Whereas East-Germany and Poland followed the expected pattern of decreasingly positive perceptions, this was not true of the Czech government. This is because they started at a lower point and remained there with roughly equal percentages of positive and negative answers both at the beginning of the transition process and at the time of the interview. Indeed, 2002 was the only time that they were not the least positive in comparison to the other countries, when the Polish government was perceived to hold a more negative attitude towards entrepreneurs. Contrary to our expectation, the Czech government was perceived to take a predominantly negative stance on entrepreneurs in the middle of the nineties in the Czech Republic. Similarly to the beginning of the nineties, the experts' pointed out that SMEs received hardly support from the government, that the government would only talk about supporting entrepreneurs but this would not translate into actions and that large companies were still given priority over SMEs. Similar negative perceptions of low government support and a high emphasis on big rather than small firms were prevalent in 2002 in Poland and the Czech Republic, along with positive perceptions of entrepreneurs as job creators and employers. Adaptations of

national policies to EU directives by national governments in Poland and Czech Republic were part of the accession process and might have led to ambivalent and negative perceptions in 2002, as some of these new regulations and the entailed bureaucracy were perceived to hinder the small firm sector.

We expected the East-German government would be perceived to be more positively towards entrepreneurs than the Polish which in turn would be more positive than the Czech. In fact the East-German government was not perceived to embrace entrepreneurs as much as the Polish government in the early transition period, but seemed to hold more favourable attitudes, that were similar to West-Germany, from the mid nineties. However, the Czech government does seem to have the least favourable attitudes (except for the current ones).

*Perceptions of public attitudes towards entrepreneurs* (see Figure 2) differed significantly between countries for 1) before 1989  $\chi^2 = 45.93$ ,  $df = 4$ ,  $p < .001$ , 2) beginning the nineties:  $\chi^2 = 25.90$ ,  $df = 6$ ,  $p < .001$ , 3) mid nineties:  $\chi^2 = 74.76$ ,  $df = 6$ ,  $p < .001$ , but not for 4) 2002:  $\chi^2 = 10.76$ ,  $df = 6$ ,  $p = .096$ . Further, perceptions differed significantly within countries over time (WG:  $\chi^2 = 42.72$ ,  $df = 4$ ,  $p < .001$ , CR:  $\chi^2 = 44.37$ ,  $df = 9$ ,  $p < .001$ , PL:  $\chi^2 = 115.14$ ,  $df = 9$ ,  $p < .001$ ) except for East-Germany ( $\chi^2 = 11.50$ ,  $df = 6$ ,  $p = .07$ ).



**Figure 2**  
**Public perception of entrepreneurs during transition at four points in time.**<sup>4</sup>

Against expectation the perception of public attitudes under communist rule was only distinctively negative in Poland, where experts perceived that entrepreneurs were generally seen negatively and as unscrupulous exploiters of the workforce. In the Czech Republic and East-Germany the public's opinion was perceived to be much more balanced in comparison. Although entrepreneurs were also negatively perceived, they were also seen positively, partly because they were scarce. We expected that perceptions of the public's attitude towards entrepreneurs would gradually change positively over the transition process. Poland was the only country where attitudes significantly increased and were perceived to be dominantly positive in 2002. There

were significant differences over time in the perception of the favourability of the general public's attitude in the Czech Republic and in West-Germany, but these seemed to 'fluctuate' between positive and negative over the course of the transition process. The instability in West-German perceptions may be well due to the small number of interviewed experts. For the Czech data inspection of the subcategories provides further information. The experts believed opinion was heavily influenced by tunnelling scandals<sup>5</sup> of entrepreneurs in the mid nineties. 13% of the Czech experts' answers referred specifically to entrepreneurs being involved in frauds and tunnelling and another 25% mentioned the negative impact of scandals appearing in the media on the public perception of entrepreneurs, further 15% of the answers referred to unspecified negative perception of entrepreneurs. In 2002 the views were more differentiated and positive in general. The data again did not support our suggested country order. Perceptions tended to become most positive in Poland over the course of transition. The East German experts were only mildly positive, 52 to 53% of their answers referred to positive perceptions.

## DISCUSSION

We found support for our expectation that government perceptions would positively 'peak' after 1989 and then become gradually less positive as the transition process advanced (except for the special situation in the Czech Republic). We failed however to find that attitudes of the general public would be perceived to gradually become more favourable over the course of transition in general, this was only true in Poland. Indeed, Poland was the only country where both government and public supportiveness followed the suggested pattern. In East-Germany government supportiveness changed as expected, whereas perceived public supportiveness did not significantly change over time. Maybe the fast transition to market-economy due to the re-unification did not allow, for example critical discussions of entrepreneurs in the media that could have negatively impacted public opinion. Rather, the West-German system of which entrepreneurs were a normal part was to some extent imposed on East-Germans (Frese et al., 1996), thus there might have been less of a chance of the communist socialization to show continuing impact in the perception of the public. In the Czech Republic perceptions were of low supportiveness in the middle of nineties for governments largely because they were perceived to give too much priority to large companies over SMEs. The perception of the general public was also heavily influenced by the large corruption scandals. Thus the perception of quite specific events influenced perceptions in the Czech Republic, rather than the general change in framework conditions and values as we assumed. The influence of the quality of framework condition seems to be quite indirect, whereas it might be more important for a government to communicate that it is supporting small business and showcase such initiatives in the media. Less support was found concerning the expected rank-order of countries in the public perception of entrepreneurs and government supportiveness. Although the perceptions of government support tended to be more favourable in East-Germany compared to Poland and in turn compared to the Czech Republic this pattern did not hold for all time points. Because of the small number of answers and nominations in West-Germany comparisons with the transition economies can only be made very cautiously. In general the expert's perceptions of the governments and general public did not seem to differ largely from those in the three researched transition



countries, but they tended to be more favourable towards entrepreneurs from the mid nineties on compared to those in East-Germany, the Czech Republic, and Poland. Possibly the countries we studied were too culturally similar to be able to find large differences in perceptions in that they all showed value profiles not conducive to entrepreneurship. Poles and Czechs have shown both low mastery and low autonomy values which means low levels of initiative, self-responsibility etc. (Schwartz and Bardi, 1997). However mastery values were also rather low in (West- and East-) Germany and have been identified as important for entrepreneurship (e.g., Reynolds, et al., 2004, Schwartz & Bardi, 1997). Considering predictions for the future our data suggest that without specific government action perceptions of government support are not likely to increase, rather the general trend points to a decrease. This might lead to the countries not making fully use of their entrepreneurial potential as entrepreneurship is not widely legitimated and supported (Etzioni, 1987) by the general public and government. To use their entrepreneurial potential and accordingly to create more jobs and economic growth, a move towards a more entrepreneurial culture seems necessary (cf. Stephan et al., 2004) which could be fostered by governments creating more favourable framework conditions (e.g. reduce tax burdens on SME) and communicating to the public via the media what initiatives they have taken and why entrepreneurs are important for society. In general the benefits of entrepreneurship may not be easily visible for the public and both the media and the education system have an important role to play in providing knowledge and support for entrepreneurs.

Some limitations of our approach should also be noted. Perceptions of entrepreneurs had to be retrospectively recalled by the interviewees except for the most current point in time 2002. Clearly the retrospective approach bears the danger of biased information recall and less detailed information due to problems of recall. Another limitation is the 'indirect' measurement. That is, we asked experts on entrepreneurship how they thought entrepreneurs were perceived by their country's government and general public. More direct measures, e.g. count of supportive government policies or public opinion poll might have been more desirable and more exact. Although we acknowledge this limitation, we think that interviewing subject matter experts has advantages. Entrepreneurship is essentially a minority phenomenon, i.e. self-employment rates in the countries we looked at are around 10% (Eurostat, 2004 cited in Stephan et al., 2004). Thus at least as far as the general public is concerned they might not be able to judge general government and public supportiveness in some detail, simply because they lack knowledge. Experts have been shown to have more detailed knowledge structures (Hacker, 1992). We do think however that a complementary study using more objective and direct measures would be useful to complement our approach. Rutkowski and Scarpetta's (2005) example of Romania showed that further knowledge is gained by combining both approaches.

## STUDY TWO

### THE CONCEPT OF ENTREPRENEUR ACROSS CULTURES

The differentially supportive perceptions of entrepreneurs across countries just discussed could partly be due to diverse interpretations of the term entrepreneur across the cultures. Indeed differing understanding of terms and constructs across cultures are one of the challenges of cross-cultural research (van de Vijver & Leung, 1997). This second study was conducted to exemplarily map students' association with the term entrepreneur and thus to explore possible cross-cultural differences in its understanding. We employed a free association task (see method section) to capture the network of related concepts and interpretations. Moreover there is good reason to investigate students' images of entrepreneurs, as they have a high potential to become successful entrepreneurs themselves. Years of education are positively associated with entrepreneurial productivity, business growth, and enterprise survival (Cooper, Gimeno-Gascon & Woo, 1994). If entrepreneurs are positively perceived among students or in Etzioni's (1987) terms, if there is legitimation among students for an entrepreneurial career, chances increase that a higher proportion of students' actually takes steps into self-employment. At the same time, this additional study allows a comparison of students that are self-employed, i.e. 'student entrepreneurs' with non self-employed students. The difference in perceptions can inform on the kind of mindset it takes to become self-employed. We expect that self-employed students' place a high value on initiative, creativity, etc. (cf. Hisrich's definition of entrepreneurship) regardless of their own cultural background. McGrath and MacMillan (1992) found that entrepreneurs across cultures hold a similar pattern of beliefs about themselves, which they think are significantly different from beliefs that others in their society hold about entrepreneurs. This applied to characteristics such as taking charge of one's own destiny and willingness to work hard (McGrath & MacMillan, 1992).

Schwartz and Bardi (1997) point out that value priorities in the CEE countries are likely to change only gradually. In light of the evidence on intergenerational value shifts (Inglehart & Baker, 2000) however, we would not expect student's values and their image of entrepreneurs to still be influenced by communist socialization. Rather, the current generation of students did not experience life under conditions of scarcity in their formative years and are likely to emphasize more individualistic, self-expression values (Inglehart & Baker, 2000) and thus probably perceive entrepreneurs positively. It must be noted however, that the situation would be different for transition economies like the former Soviet Republics that experienced decreases of living standard and turmoil after 1989, unlike Poland, the Czech Republic and East-Germany. Taken together we expected differences between countries to be smaller than those between students who were self-employed and students who were not.

## METHOD

### Participants

In fall 2002, 629 university students (EG:  $N = 268$ , CR:  $N = 155$ , PL:  $N = 206$ ) wrote down their associations with the word entrepreneur. The majority of students were in their 2<sup>nd</sup> and 3<sup>rd</sup> year and mostly business and psychology majors (business  $N = 266$ , psychology  $N = 221$ , technology majors  $N = 136$  and  $N = 6$  other majors). Students' mean age was 23.2 years ( $SD$  3.8 years). 57% of the students were female and 11.3% self-employed (EG: 10.1%, CR: 14.2%, PL 9.7%, country difference  $\chi^2 = .94$ ,  $df = 2$ , n.s.).

### Data collection

Students were shown the word 'entrepreneur' in their local language (G: Unternehmer, CR: Podnikatel, PL: Przedsiębiorca) and given 15 minutes to write down all words that came to mind. The task was conducted in class at the beginning of a lecture. No further instructions were delivered, because we were interested in capturing all possible aspects associated with 'entrepreneur'.

### Analysis

Associations were evaluated using content-analysis (Mayring, 2003) following the same procedure outlined for study one (cf. Appendix A). This time the category system was much more differentiated and contained nine main categories and 167 second and third-level subcategories<sup>6</sup> (see Appendix B, Figure B1). Interrater reliabilities (V2, Holsti, 1969) were calculated on the level of subcategories for 20 randomly selected cases per culture and were 87% for the Polish, 91% for the Czech, and 82% for the German data.

## RESULTS

For an overview of the words that were associated with 'entrepreneur' see Appendix B. The most frequent categories (see Table 1) were: 'work', 'firm', and 'personality'. Thus, across countries entrepreneurs were associated most closely with characteristics of their job and company, as well as with a special kind of personality (self-starting, responsible, persistent, initiative, active, assertive etc.). Contrary to our hypothesis, country differences were significant ( $\chi^2 = 40.24$ ,  $df = 16$ ,  $p = .001$ ) and larger than those between self-employed and non-self-employed students, which did not reach significance ( $\chi^2 = 1.66$ ,  $df = 8$ ,  $p$  n.s.).

**Table 1**  
**Relative Frequency of Words Associated with ‘Entrepreneur’**  
**in the Main 9 Categories**

Relative frequencies of associations	Germany	Czech Republic	Poland	Self-employed	Non self-employed
<i>N</i>	<i>268</i>	<i>155</i>	<i>206</i>	<i>69</i>	<i>551</i>
<i>n</i> (number of associated words)	6267	5310	3634	1987	13053
Positive (success, advantages, positive attitudes)	9.02	9.06	8.7	9.26	8.87
Family and freetime	2.03	6.10	1.43	3.87	3.15
Drawbacks (disadvantages and health challenges)	8.34	10.28	3.33	7.85	7.78
Negative attributes	2.44	7.61	7.98	5.33	5.55
<i>Work</i>	<i>17.07</i>	<i>18.81</i>	<i>15.96</i>	<i>14.95</i>	<i>17.85</i>
<i>Firm/enterprise</i>	<i>37.80*</i>	<i>22.94</i>	<i>19.35</i>	<i>31.56</i>	<i>27.71</i>
<i>Personality</i> (traits, skills, know-how)	<i>13.52</i>	<i>15.57</i>	<i>38.53***</i>	<i>16.76</i>	<i>20.82</i>
Context and framework conditions	7.92	5.93	2.65	8.31	5.66
Others (gender, age, not-classifiable)	1.87	3.69	2.09	2.11	2.63

*Note:* The three most frequent categories are highlighted in italics. The evaluation of the standardized residuals revealed that the category ‘firm/enterprise’ was significantly more frequent than expected in Germany (standardized residual 2.2,  $p < .05$ ) as was the category ‘personality’ in Poland (standardized residual 3.4,  $p < .001$ ). Standardized residuals  $\geq 2.0$  indicate  $p < .05$ , standardized residuals  $\geq 2.6$  indicate  $p < .01$ , standardized residuals  $\geq 3.3$  indicate  $p < .001$  (Buehl & Zoefel, 2000, p. 200).

Polish students associated personality characteristics more frequently than German and Czech students (see Table 1). Within the main category personality, most associations classified into the subcategory ‘entrepreneurial personality’. Those were associations such as initiative, responsibility, persistence, ambition, risk-taking, self-confidence etc. Whilst German students associated characteristics of the enterprise more frequently; specifically associations related mostly to the subcategories of financing and business processes (management, controlling, marketing, etc.).

## DISCUSSION

The finding of larger differences in the perception of entrepreneurs between countries than between self-employed and non self-employed students seems to go counter the McGrath and MacMillian’ (1992) observation of a country invariant culture among entrepreneurs. However, the difference may lie in the sample, our sample were part-time self-employed students whereas McGrath and MacMillian’s sample was entrepreneurs who had run their business for at least two years. This may be a question of causality, entrepreneurs may not necessarily have a different mindset to start with, instead their job may shape their perceptions over time and ‘make them entrepreneurial’. Alternatively, it could be seen as a question of survival. It may be that only entrepreneurs with a certain mindset last in business. What explains the country differences then? Drawing on the cultural standards literature of intercultural psychology (Schroll-Machl, 2004) the higher person orientation of Poles and Czechs in comparison to Germans could explain why Poles more frequently associated personality

characteristics. However, Czechs did not associated personality characteristics more frequently. One might speculate that as we sampled mainly Prague students, the culture of Czechia's capital might have changed to be more business and less person-oriented<sup>7</sup>. Germans are rather characterized by a low person orientation and high objectivism (Schroll-Machl, 2003) which would explain why firm characteristics were most frequently mentioned. In further analyses we ruled out differences in age, major, family background and student's self-employment rate as alternative explanations (all country differences were non significant on these variables). However, the percentage of female participants was significantly higher in Poland ( $\chi^2 = 6.14$ ,  $df = 2$ ,  $p < .05$ ). Nonetheless, further analysis revealed no significant differences between associations of females and males (in Poland). Taken together a cultural interpretation seems most appropriate.

The majority of associations was descriptive rather than evaluative, i.e. few positive and negative associations. This predominance of descriptive associations implies emotional neutrality towards entrepreneurship, whereas one might wish for more positive perceptions, maybe even some enthusiasm about entrepreneurship as a career choice. As discussed in study one government, media and the education systems could be called upon to create a more positive view of entrepreneurs.

Across countries, personality was among the three most frequently mentioned categories (and within the category personality the subcategory entrepreneurial personality). As personality is seen as stable and hard to change this might imply that too many people judge themselves as incapable of entrepreneurial activity, because they 'lack the right personality'. Actually, although personality is associated with interest and success in entrepreneurship, these relationships have small effect sizes (Rauch & Frese, 2000) and leave much space for training to shape successful entrepreneurs.

## CONCLUSION

Study One showed that perceptions of entrepreneurs were still not as positive as their significance as employers, job creators, and growth engines would imply. Consequently fewer people might be attracted to pursue an entrepreneurial career. Study Two investigated whether differential perceptions of entrepreneurs could be due to a culture-specific interpretation of the concept 'entrepreneur'. The concept 'entrepreneur' seemed to be largely similarly understood across the researched CEE countries, although with slight culture-specific emphasis. Again, the associated words revealed that the image of entrepreneurs was less positive than one might hope for.

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## NOTES

1. The term New Member States refers to the 10 countries that joined the European Union on May, 1<sup>st</sup>, 2004. They are Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia, and Slovenia.
2. EU-19 refers to 15 EU Member States (Austria, Belgium, Denmark, France, Finland, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, Sweden, and the United Kingdom) that along with Iceland, Liechtenstein and Norway, make up the European Economic Area, plus Switzerland.
3. Due to the few number of answers in West-Germany (n = 11 to 34 nominations), we refrain from interpreting these data in detail.
4. Due to the few number of answers in West-Germany (n = 9 to 37 nominations), we refrain from interpreting these data in detail.
5. The term 'tunnelling' was actually created in the context of these scandals in the Czech Republic ([www.wikipedia.org](http://www.wikipedia.org)) and refers to a company's managers/shareholder illegally diverting valuable company property into their own, private firms, which often led the original company go bankrupt.
6. The original category system actually included 14 main categories the majority of which contained very few classifications, which in turn rendered a statistical significance evaluation using the Chi-square statistic unfeasible. We collapsed conceptually related main categories as a solution to this problem (cf. Tabachnick & Fidell, 2001). Thus, the final category system contained nine main categories (see Appendix B) on which Chi square tests were performed. (The number of subcategories was not affected by this procedure.)
7. The Polish sample stemmed from Katowice, Silesia and the East-German from Dresden, Saxony.

## APPENDIX A

### Description of Content Analysis (Mayring, 2003) for Study One

Development of category systems and coding process: First, all obtained interview responses were transcribed into standard text files. Second, two category systems were developed—one for coding responses concerning government perception of entrepreneurs and another one for analysing responses concerning the public's perception of entrepreneurs. Both category systems were developed data-driven and in English in order to avoid possible cultural biases. One researcher from each country participated to ensure that all categories fit the Czech, Polish, and German cultures and all data would be evaluated comparably. The category system for government perceptions included a total of 21 categories 12 of which were related to positive aspects, eight categories referred to negative perceptions or ignorance of the government towards entrepreneurs and one category 'others' was kept for related elements that could not be coded in any of the other categories. Similarly the category system for public perception of entrepreneurs contained 16 categories (seven positive, six negative, three ambivalent, and one 'others'). See Table A1 for both category systems. Third, the experts' answers were coded into the category systems by researchers native to each culture. Finally, relative frequencies of categories were calculated (relative to the number of answers per country).

**Table A1**  
**Category Systems for Coding Government and Public Perception of**  
**Entrepreneurs**

	Government	General public
Positive	Positive perception of entrepreneurs (in general, more than earlier, similarly high to earlier)	Positive perception of entrepreneurs (in general, positive and more differentiated than earlier, specific positive functions)
	Support (in general, more than earlier, similarly high to earlier, specific support with laws, etc., government programs)	Recognition and respect for entrepreneur (in general, specific, e.g. recognition of industriousness, necessary risk-taking)
	Entrepreneurs as chance for regional development (employers, create new jobs, economic growth etc.)	Entrepreneurs as employers and creators of new jobs
	Government is aware about the changes necessary to make the region more entrepreneur-friendly	
Negative	Negative perception of entrepreneurs (in general, specifically negative)	Negative perception of entrepreneurs (in general, specifically negative, e.g. frauds, tunnelling, corruption)
	Little perception of entrepreneurs	Little perception of entrepreneurs
	Little or no support of entrepreneurs	Envy towards entrepreneurs
	Providing poor framework conditions for entrepreneurs	Prejudice and wrongly negative perceptions of entrepreneurs
	Negative actions of government (e.g., support only to large enterprises)	Entrepreneurs are 'black sheep', exploiters etc.
	Government only talks but provides no support for entrepreneurs	No willingness to be self-employed
Others	(No subcategories)	(No subcategories)



	(Category not applicable to government perception)	Mixed perceptions (positive and negative, envy and recognition, etc.)
Ambivalent		Neutral, observant, neutral
		Pity, commiserate entrepreneurs as e.g. dreamers

*Note:* Due to space limitations only the main categories along with the first-level subcategories are presented. Second-level subcategories are delineated in brackets. To make the coding process easier and more reliable, raters were provided with one exemplary expert answer from each culture for all subcategories (not shown). Detailed results on the level of subcategories as well as detailed statistical analysis are available from the first author.

APPENDIX B

Main Categories of the Free Association

Figure B1 displays the main categories of the free association task conducted with students. Three most frequent categories are highlighted in italics. Only first and second-order categories are presented, because of space limitations. Association were analysed following the procedure outlined for perceptions of government and public supportiveness towards entrepreneurs (cf. Appendix A).